

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF THE NOLIN RURAL ELECTRIC)	
COOPERATIVE CORPORATION FOR AN ORDER)	
PURSUANT TO KRS 278.300 AND 807 KAR)	
5:001, SECTION 11 AND RELATED SECTIONS)	
AUTHORIZING THE COOPERATIVE TO OBTAIN)	CASE NO. 93-324
A FIVE YEAR LINE OF CREDIT IN THE)	
AMOUNT OF \$3,000,000.00 FROM THE)	
NATIONAL RURAL UTILITIES COOPERATIVE)	
FINANCE CORPORATION)	

O R D E R

Nolin Rural Electric Cooperative Corporation ("Nolin") filed its application on September 29, 1993 for approval of a 5-year line of credit from the National Rural Utilities Cooperative Finance Corporation ("CFC"). The advances from the line of credit would be used to reimburse general funds for operating expenditures and construction costs until long-term loan funds become available. The revolving line of credit is for an amount not to exceed \$3,000,000. All advances under the line of credit will carry an interest rate equal to the Prevailing Bank Prime Rate¹ plus one percent per annum or a lesser rate per annum as fixed by CFC. The proposed line of credit replaces a 1-year, \$1,500,000 agreement with CFC. CFC approved Nolin's application for the line of credit on July 28, 1993.

The Commission recognizes the fact that electric cooperatives from time to time must utilize short-term financing to meet their

¹ The bank prime rate as published in the "Money Rates" column of The Wall Street Journal.

overall financing needs. However, this recognition does not mean that a cooperative should utilize short-term financing when long-term financing, power cost deferrals, and other sources of interim financing are available. In determining the appropriate mix of short-term and long-term financing, Nolin must consider the net cost of the financing as well as the impact the mix will have on its overall financial condition, especially its equity ratio.

The Commission, after consideration of the evidence of record and being advised, finds that:

1. The proposed line of credit from CFC is for lawful objects within the corporate purposes of Nolin, is necessary and appropriate for and consistent with the proper performance by Nolin of its service to the public, and will not impair its ability to perform that service.

2. The advances from the proposed line of credit should be used only for the lawful purposes set out in Nolin's application.

IT IS THEREFORE ORDERED that:

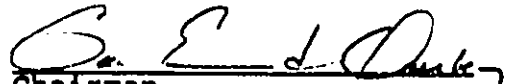
1. Nolin be and it hereby is authorized to borrow up to \$3,000,000 from CFC using a 5-year revolving line of credit, subject to the provisions and terms of the application.

2. Nolin be and it hereby is authorized to execute the line of credit herein authorized.

Nothing contained herein shall be deemed a warranty or finding of value of securities or financing authorized herein on the part of the Commonwealth of Kentucky or any agency thereof.

Done at Frankfort, Kentucky, this 29th day of November, 1993.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director